

**EFFECT OF CHANGE MANAGEMENT STRATEGIES ON THE  
PERFORMANCE OF KENYA REVENUE AUTHORITY**

**BY  
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## **DECLARATION**

I Linda Oyier hereby declare that this research project is my original work and has never been submitted to any other University for assessment or award of a degree.

Signature.....

Date.....

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**D61/60116/2013**

This project has been submitted for examination with my approval as university supervisor

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## **DEDICATION**

I dedicate this research project to my family, friends and colleagues

## **ACKNOWLEDGEMENT**

This research project would not have been possible without the help of God. The cooperation and support from a number of people, whose contributions facilitated the completion of this project will always be appreciated.

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**To all I remain forever grateful**

## ABSTRACT

The advent of globalization has brought intense pressure on organizations to fundamentally change how they operate so as to survive in the dynamic business environments and maintain competitiveness. Attempt to carry out changes within an organization results in various challenges faced by the top leadership. Understanding how organizational management deals with these challenges to continue surviving and remain competitive is imperative. Inspired by this concern, this research will therefore, seek to inquire if there are change management practices which organizations going through the change transitions can use to overcome the main challenges to change. Kenya Revenue Authority, which is the subject of this study, undertook changes to its strategic direction, organizational culture, internal process and performance management systems which elicited serious challenges. The Kenya Revenue Authority (KRA) was established by an Act of Parliament, Chapter 469 of the laws of Kenya, which became effective on 1 July 1995. The Authority is charged with the responsibility of collecting revenue on behalf of the Government of Kenya. The Ministry manages the money related area which is key to the improvement of the nation and on which every other division depend for speculation assets. At the end of every financial year i.e. June, the government, through the treasury cabinet secretary, tables estimates in parliament that the Kenya Revenue Authority (KRA) should collect in tax revenues over the next financial year. This is meant to supplement collections by ministries and departments, which are referred to as appropriation-in-aid. The government's aim to fast track self-sustainability of the economy without external funding relies heavily on the strategies deployed by the tax collection agency to ensure efficiency in revenue collection. The country is also facing additional budgetary needs arising from the management of the devolved system of government as well as a surging wage bill. In the 2013/2014 financial year, the treasury set a target of Ksh 880 billion for the agency, 22% higher than the previous year's budget. In June 2014, the Kenya Revenue Authority announced that it had surpassed the target set at the onset of the fiscal year by raking in Ksh. 963.7 billion, reflecting a 100% performance in its endeavor and a rise of 16.4 % over the immediate previous year collection. The current target set by the treasury is Ksh. 1.3 trillion that KRA is expected to meet by the end of the 2015/2016 fiscal year. The policies and strategies deployed by the management of the Kenya Revenue Authority during its change management initiative led to improved revenue collection by 22.3% over a period of three years and adoption of the iTax system by over 2 million taxpayers due to the trust and facilitate approach. The results of this study will form a basis for the authority to reference on when conducting change in the future. Other state agencies will be prompted to reassess their change strategies and effectiveness in perspective on their performance. It will change the attitude and approach to change in the public sector. In summary, the study concluded that individuals were encouraged to adapt to the new changes in the organization and the involvement of top management in the change process was essential. Key recommendations of the study include focus on change management practices in a non-autonomous government agency to find out if there are any differences and inclusions of employees in change management initiatives through downward trickling of information.

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## **ABBREVIATIONS AND ACRONYMS**

<b>DTD:</b>	Domestic Taxes Department
<b>CEO:</b>	Chief Executive Officer
<b>FY:</b>	Financial Year
<b>RTD:</b>	Road Transport Department
<b>NTSA:</b>	National Transport and Safety Authority
<b>MST:</b>	Medium and Small Taxpayers
<b>GDP:</b>	Gross Domestic Product
<b>KRA:</b>	Kenya Revenue Authority
<b>LTO:</b>	Large Taxpayers Office

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The onset of the 21st century has brought on board intense dynamism in the business world that makes it mandatory for the provision for adjustment for any consequence. Globalization has incredibly extended the domain of chance and data stream. This has offered ascend to a forceful transformation of the working environment of both open and non-open organizations (Sekhar, 2009). The origination of a solitary worldwide data space has permitted firms to wander into beforehand uncharted markets for capital, products and enterprises. Falling costs of vitality, products capital and data have supported drawn out development of the worldwide economy, a situation that has engineered a downstream impact onto the business environment.

Consequently, managers, fundamentally involving government bodies, have thought that it was compulsory to embrace arrangements and systems that facilitate the oversight of the different elements in light of the progressions. The theories giving relevance to this study will be change management hypotheses. They have availed anchorage to various studies on the subject throughout the years. Sadler (2003) accentuates that Lewin's 3 stage hypothesis conveys the understanding that a sizable number of the masses work inside security zones. Theory of activity research depicts change in its most serious frame, where it more often than not facilitates unfavorable conditions that debilitate the execution of the initiative in the first place.

In its mildest frame, change, if not managed all round, may not undermine the overall management of a firm, but rather it has some genuine negative effects on structure cohesiveness, worker certainty and focus (Jones, 2010). Decision makers of organizations experiencing change can turn to particular change administration methodologies which are custom fitted to enhance exhibitions and encourage representative adaptiveness in the organizations. The change curve hypothesis proposes reasons for these upsets can be either inward or outer thus the need to detail suitable arrangements to manage all components existing inside and outside the firm. It aides people to comprehend how to respond to the progressions brought about by change (Strobel, 2015).

Kenya Revenue Authority collects the bulk of the funds needed to steer development initiatives in the country. It is a state corporation established by an act of parliament of July 1<sup>st</sup>, 1995 Cap 469. It is obliged to collect revenue while it's mandate and core business is to access, account, administrate and enforce all the laws relating to revenue. It has been subjected to numerous structural and operational changes as it steers its methods of operations from enforcement to trust and facilitation.

Four areas have undergone change in KRA. They are strategic change, ICT advances, hierarchical changes and humans. These changes have been highlighted in the organization's 6<sup>th</sup> corporate plan of 2015/16-2017/18. The motivation behind this study is to look at resultant effect on the elements, both internal and external, that have were singled out as core points of focus of KRA's strategic corporate plan change management initiatives.

### **1.1.1 Concept of Change Management**

Haberberg and Rieple (2008) define change management as the reconfiguring of an entity's way of doing things with a specific end goal to accomplish a fundamental target. For example, a key adjustment may incorporate moves in an enterprise's strategies, proposed market, mission or managerial structure. As a phenomenon, it has been the focal point emerging literature in both the strategy and organizational theory fields. Davis (2014) observes that the satisfactory conclusion of a strategic change undertaking is not influenced only by an organization's zeal to implement new structures and processes, but also on the firm's ability to communicate the paradigm shift to its many stakeholders.

Nelson (2013) contributes that key change administration is the way toward overseeing change in an organized, adroit way so as to meet authoritative objectives, targets, and missions. Change is unavoidable for establishments to proceed to flourish and meet and surpass the abilities of industry contenders. Klein (2013) adds that change administration is the arrangement of instruments, procedures, skill and imparted standards for dealing with the human side of progress to accomplish the required results of the venture or activity. With a specific end goal to effectively oversee change forms, directors are required to understand what modifications to expect, the sorts and circumstances and also conceivable issues liable to be experienced including reasons for resistance and conceivable arrangements (Ganse, 2010). Change management strategy anchors in to the formulation of change management plans. Witcher and Chau (2010) confirm that change management strategy accommodates varying plans through situational mindfulness, supporting structure and system examination.

### **1.1.2 Change Management Strategies**

Klein (2013) states that change administration is an inside and out, cyclic, and organized approach for transitioning people, gatherings, and associations from a present state to a future state with proposed business benefits. It gives associations the capacity to incorporate and adjust individuals, forms, structures, culture, and methodology. There are four methodologies of progress that an association can send to streamline the procedure. Nichols (2016) notice these acknowledged techniques as the observational reasonable system, the standardizing reeducative procedure, control coercive methodology and ecological versatile procedure.

Stead (2013) in his critique of their practicalities noted that these strategies vary in scope mainly due to the point of change deemed recommendable for deployment, the mindset of the employees at hand as well as the severity of the impact on the organizational structure. However, people are normal hence once it is uncovered to them, they will take after their intrigues. Tangible change is determined by relevant data and the motivating forces. Olubayo (2014) contributes that associations need to grasp and receive change in their system to contend and to guarantee long haul achievement. Real change incorporates advancement, change, and associations with partners. Associations need to respond to change inside with an indistinguishable power from they respond to changes in their outside surroundings. Associations need to comprehend their business setting, create systems to conform rapidly, and convey these procedures adequately through a formalized venture administration approach.

### **1.1.3 Organizational Performance**

Organization performance alludes to how well individuals with a specific intent conduct a function. Organization performance is an organization's ability to take advantage of opportunities within its surrounding and utilization of the scarce resources. Performance is the rate of attainment of set targets that are aligned to the desired outcome. These targets comprise of both objective and subjective indicators. Performance drivers are influenced by an entity's objectives. These are key dimensions of an organization's operations that are critical to its attaining the set objectives.

Execution management is an avenue by which supervisors and subordinates collaborate to arrange, screen and survey a representative's work targets and general yield towards the association's definitive goal (Aguinis, 2012). The principal objective of execution administration is to advance and enhance worker adequacy. Managing performance is an ongoing procedure which involves making sure that the output of employees contributes to the goals of their sections and the entity (Cardy and Leonard, 2012). The metrics imposed when measuring the performance of KRA is in terms of the revenue it collects, number of new taxpayers recruited and retention of key skilled staff. The target is set by the National Treasury and the authority's collection at the end of every financial year is used to gauge its performance.



#### **1.1.4 Kenya Revenue Authority**

KRA is a government agency legalized by the Kenya Revenue Authority Act of 1<sup>st</sup> July 1995 (Chapter 496) by the National Assembly of Kenya. Its main intent is to administer the relevant checks and revenue assessment, management and enforcement of the laws relating to revenue and to provide for connected purposes. The authority is a government agency that oversees its operations similar to a private enterprise and for better service administration is divided into the following regions: Rift Valley, Western, Southern, Northern and Central.

It is sectionalized into the following departments, each directed by a commissioner: Customs Services Department (CSD), Domestic Services Department – Medium and small taxpayers (MST), Domestic Taxes Department- Large Taxpayers Office (LTO), Investigations and Enforcement (I&E), Technical Support Services and Corporate Support Services.

The tasks of the Kenya Revenue Authority in the economy include administration and enforcement of written legislation or specified laws identifying with oversight, gathering and representing all incomes in light of the duty laws, prompt on components relating to the organization and additionally accumulation of income guaranteed lawmaking body, upgrade productivity and viability of expense organization by wiping out administration, obtainment, advancement, preparing and teach, dispose of assessment avoidance by disentangling and streamlining methods and enhancing citizen administration and

instruction in the long run catapulting the rate of consistence, advance demonstrable skill and kill debasement propagated by KRA representatives through paying satisfactory pay rates that empowers the foundation to draw in and hold capable experts of respectability and sound moral ethics.

It additionally reestablishes financial autonomy and sovereign pride of Kenya by in the long run disposing of the lasting spending shortfalls by making hierarchical structures that boost income gathering and encourages dissemination of pay in socially worthy methods for adequately upholding charge laws influencing salary in different ways lastly, being a "guard dog" for the administration offices, (for example, services) by controlling way out and section focuses to the nation to guarantee precluded and unlawful products don't go through Kenyan outskirts.

## **1.2 Research Problem**

As indicated by Davies (2014) change administration is an extensive, cyclic and organized approach for transitioning people, gatherings and associations from a present state to a future state with planned business benefits. The procedure of progress starts with authoritative pioneers building up a hierarchical system, then with the making of an activity that is adjusted to that technique. Cummings and Wooley (2014) underline that these key activities are figured as an immediate reaction to an adjustment in the business environment. Exhibitions of associations are certainly controlled by their capacity to continually adjust, survive, perform and impact inside these business situations. In any case, they are not generally fruitful. To better comprehend what they can or ought to

change to enhance their capacity to perform, associations can direct authoritative evaluations. Outcomes of such assessments are put into practice through adoption of strategic change management initiatives that are meant to steer the organization towards attaining the pre-determined goals and objectives (Austin, 2013).

Efficient and sustainable revenue collection in Kenya has been fronted as a key driver in achieving the vision 2030. KRA has had to conduct change management within its operations so as to enhance tax collection. This is entailed in the organization's 6<sup>th</sup> corporate plan of 2015/16 – 2017/18. Considerable strategic management studies relevant to the performance of KRA have been conducted over the years. Mugo (2013) traces the metamorphosis of the tax collection agency from the former income tax department to its present form. He discusses that associations these days are under extreme weight to generally change how they work and work together in the event that they are to guarantee their survival and intensity. Awitta (2010) contributes that due to development of new products and processes, social and political change and economic fluctuations organizations are forced to change so as to align themselves to the environment.

Developing effective ways in revenue collection has emerged as a key component in tax collection. Muthama (2013) adds that the onset of new instruments to assist businesses function better affects the way taxes are collected. This was to significantly enhance revenue collection in all Departments. Implementation of innovative revenue collection strategies was supposed to improve its organization structures, training, manpower planning, developing teamwork among management and staff, new approaches to reward management and adaptation of TQM (Mwachiro, 2013).

However, previous studies by Ogol (2012), Andugo (2013) and Muendo (2014) that have delved into the effects of the change management strategies adopted by KRA, in light of the shortcomings experienced and evidenced by revenue target shortfalls, have failed to underline the change management efforts of the authority in its 2015/16 – 2017/18 6th corporate strategy with the aim of improving and streamlining revenue collection. This is mainly due to periodical and time line constraints. Through this plan, the Kenya Revenue Authority has changed its approach from enforcement to trust and facilitation engaging taxpayers. Hence, this gap is what this study will aim to address by answering the research question: What is the effect of change management strategies on the performance of Kenya Revenue Authority?

### **1.3 Research Objective**

The study aimed to determine the effects of change management strategies on the performance of Kenya Revenue Authority.

### **1.4 Value of the study**

Kenya Revenue Authority is the state agency through which the government administrates efficient tax amassment as a core input in its long term strategy for Wealth and Employment Creation set out in the Vision 2030. The success of KRA's revenue collection undertakings is key to the government and citizenry in whole by providing the financial resources essential to fuel development projects and cover government expenses while at the same time minimizing reliance on foreign borrowing. Therefore this research offers data that can be used as a point of focus to the mandate of other government agencies of similar clout. It enshrines important empirical data to the current and future scholars who are fixated on studying strategy in relation to public sector administration.

The study contributes to the body of knowledge. The study divulge on differences emanating from different environmental and organizational complexities that affect a wide range of organizations. At the height of increased competition, unfair competitive practices and poor strategy implementation, some organizations might experience poor performance. The research findings are useful to such players who might embark on undertaking change management initiative strategies.

This study facilitates the making of sound decisions regarding strategic change management in the government agencies, especially for the state corporations competing with private sector entities. The conclusions made by the researcher avails a platform for managers to rethink their approach to strategy with regard to the unique challenges faced by their organizations as they work to bring the firms they manage to success. Hence, the result attained by Kenya Revenue Authority ensues in it being used as a benchmark among its peers.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this section, previous studies were put in perspective in light of change management practices and performance. Focus here is mainly on the strategic management theories that anchor this study. It also discusses what diverse scholars and authors have researched on change management and performance, the relationship between change management and organizational performance and theoretical foundations.

#### **2.2 Theoretical Foundation**

Notable studies have been conducted by researchers and scholars on the topic. The studies elaborate and delve into the theories that scholars in the field have found consistent with dynamics of the change phenomena. Relevant theories have been discussed in the following subsections.

##### **2.2.1 Lewin's 3 Stage Change Theory**

Lewin's change hypothesis contemplates that the greater part of people have a tendency to incline toward and work inside particular zones of wellbeing. He reported three phases of progress: Unfreeze stage where most people attempt a dynamic attitude to oppose change (Stead, 2013). Keeping in mind the end goal to defeat this propensity, a time of unfreezing must be watered through inspiration. Move stage includes post-start of progress. The foundation moves into a move period, which may keep going for quite a while. Able administration and consolation is fundamental for the procedure to be

fruitful. Ultimately, refreeze stage where after change has been acknowledged and effectively actualized, the organization gets to be steady once more, and staff refreezes as they work under the new rules. Luther (2010) underlines that while this change administration demonstrate remains generally utilized today, it is sets aside opportunity to execute.

Strategic management entails investment of vast amounts of resources into determining unprecedented outcomes. As a result, researchers in the organizational sciences field delve into research on how organizations experiencing unsatisfactory output in terms of performances can alter their position. Bourda (2013) clarifies that the hypothesis of progress underlines the building squares protected to accomplish long haul objectives. Ireland (2014) affirms that the science explains how organizations regain stability by focusing on emergent phenomena. Basic assumptions under this theory include the thought that an individual or gathering execution is inclined to relapse unless a few measures are taken to organize the enhanced execution level. There is a pressure face to face at whatever point a mental need or plan exists, and the strain is discharged when the need or goal is satisfied. This strain might be certain or negative, and under clash circumstance this is distinguished as "drive field". Consequently the term is referred to as compel field examination to assess the pressure between positive or encouraging strengths and negative or obliging powers the given change arrange.

### **2.2.2 Theory of Action Research**

Hypothesis of action research is a mix of adjustment of demeanors and conduct, as well as testing the change system on core interest. The underlying part of the change procedure must be activity arranged in light of the fact that a definitive objective is to get change going (Jones, 2010). The consequent area rotates around endeavoring diverse structures in a genuine circumstance to check regardless of whether the speculations hold any water or applying the different hypotheses in different circumstances that require change. The procedure of activity research is first to analyze a requirement for change (unfreezing), then to present a mediation (moving) lastly to assess and settle change (refreezing).

Action science in practice sets its sights on problem setting, as well as on eventuality attainment reasoning or problem solving. If we fail to grasp our goals we reflect on the original frame and the stature of a different problem. This first way of thinking is referred to as single loop learning and the second as double loop learning. Second order learning occurs when people start questioning their own comprehension of a situation and the underlying assumptions. It aligns itself on reflections of peoples' own mentality and deeds, and on the glaring assumptions that are the core of them: the manner people observe and understand, define problems, analyze and conceptualize, undertake and interact (Werkmann, 2013). The assumption underlying this theory is that the objective of the analyst in this approach is to test a specific intercession in view of a pre-indicated hypothetical system, the nature of the joint effort between the specialist and the expert is specialized and facilitatory.



### **2.2.3 The Change Curve Theory**

Strobel (2015) exhibits that this theory is tied down on a model at first created in the 1960s by Elisabeth Kübler-Ross to reveal insight into the lamenting procedure. It is an intense model to portray the phases of individual transformation required in most authoritative changes. It associates in seeing how people will react to change, give assistance to their own individual moves, and ensure they have the help and bolster they require.

Individuals who have not previously undergone tangible change can be particularly affected by this onset stage. It is usual for people to convince themselves that the change isn't actually going to conceptualize, or if it does, that it won't affect them. Performance often resets to the point seen before the dive experienced in the course of the initial shock of the alteration. People continue as they always have and may refuse to accept having received communication about the alterations, and may well make excuses to avoid taking part in forward planning (Myers, 2012). This theory expresses an assumption that all change will improve the performance of employees in an organization.

### **2.3 Change Management Strategies in Organizations**

Atieno (2012) contends that effective change is tied down to the correspondence of data and the guarantee of motivators. Vital change is stirred with authoritative change which partners itself with incorporating, long haul and substance wide issues. To adequately set out a change regulatory procedure, partners must figure an arrangement on the best way to perceive when an adjustment is obliged.

Davis (2014) comprehends that a precise way to deal with authoritative change in any organization is useful when adjustment requires people all through an association to learn new practices and know-hows. By formally setting desires, sending apparatuses to enhance correspondence and proactively looking for approaches to decrease deception, partners will probably become tied up with a change at first and stay focused on the change all through any distress connected with it.

### **2.3.1 Empirical Rational Strategies and Performance**

Nowak and Sigmund (2012) in their study of empirical rational strategies in the British public service concluded that societal and institutional change can only be attained if the staff are accorded enough information from the organization. However, Kimenyi (2014) focusing on the empirical quality of alteration strategy in Kenya negated the principle underlying this theory, anchoring his emphasis on the rationale that the collective opts for actions on the basis of the data availed to it and reacts consequently. Hence in this context of organizational performance, the output is directly proportional to the information seeping through to the employees where it can either improve or deteriorate.

Odhiambo (2012) notes that managers need to assess the after effects of every change procedure and utilize this investigation to characterize the association's current conditions so they can begin the following change handle in light of gathering progression. Exact discernment way to deal with change has seen well run organizations be always mindful of the need to screen their execution and vital administrators regulate change so they can persistently realign their methodology and structure to suit the aggressive environment.

Cummings and Worley (2009) takes note of that change can create profound resistance in individuals and in associations, therefore making it impractical, to actualize hierarchical enhancements. At an individual level, change can stir significant tension about giving up the known and moving to an unverifiable future yet not unmistakably at what cost.

### **2.3.2 Normative-Reeducative Strategies and Performance**

Samuels (2013) observed that a framework for social changes based just upon sensible advance is not adequate in light of the fact that behavioral patterns are significantly settled by established standpoints and social standards. In the case of the Tanzania Revenue Authority, when diverse perceptions interpolate to share and leverage each other's strengths till the time the requirement is there and then part ways after a particular time period, it makes it necessary for the organization to take reactive steps depending on the contingency or change happening (Turner 2013). Change is based on examining the values and beliefs in the culture and developing interdependence with socially shared norms. Performance in the organization is enhanced when the right mental approach and know how is integrated into the machinations of the entity.

Keim (2014) reiterates that it must be remembered that though conceptual, normative Reeducative strategies are being categorized separately. However, in reality, they are highly intertwined since changes in any one are likely to require changes in the other. Theuri (2013) highlights the case of the Kenyan insurance sector, where if innovation changes, undertakings excessively change, get rotations in structures, changes in example, power, correspondence and the execution of the specialists. To initiate planned changes, organizations have to remove or lessen the restraining forces and move towards strengthening the driving forces that exist within the organization.

### **2.3.3 Power – Coercive Strategies and Performance**

Muthama (2013) presumed that people encounter hindrances to change as they can't or unwilling to modify since quite a while ago settled demeanour or conduct for different reasons. At the Kenya Ports Authority, burden of the power – coercive procedures brought about the inclination to come back to conventional routes a little while later because of workers' hesitance to embrace new measures. Hayes (2014) underwrites the power-coercive system in the idea that individuals are actually honest and will consent to guidelines issued to them.

On account of the American Banking Sector, effective change is seen to be founded on the practice of power and the inconvenience of authorizations. This can extend from the iron turn in the kid glove to out and out mercilessness. The essential point here is to diminishing individuals' choices, not build them. Shockingly, by and large, individuals really need and will promptly acknowledge a Power-Coercive technique, especially when all vibe undermined and few realize what to do.

Nichols (2016) proposes that if the organization sits aside the legendary "smoldering stage," the risk is grave and the ideal opportunity for activity is restricted. The representation of a smoldering stage is helpful however just if all concerned can in reality observe that the stage is ablaze. Stead (2013) includes that if the way of life is essentially one of an amiable administration that is obviously debilitated, its individuals are probably going to oblige a sensible program, regardless of how oppressive.

On the other hand, if the way of life is bound with self-governance and business enterprise however has developed fat, imbecilic and glad, individuals will despise and maybe restrict or oppose tyrant moves. For this situation, key positions may must be loaded with new individuals to improve execution.

#### **2.3.4 Environmental-Adaptive Strategy and Performance**

Environmental-Adaptive strategy depends on the ordinary perception that, in spite of the fact that individuals rush to contradict transform they see as undesirable, are significantly snappier to adjust to new situations. Olubayo (2014) on his study on the Nigerian telecoms industry observed that a need to know basis approach on adapting to the work environment apparently can be effective, but only if the leader controls the levers of recruitment, promotion, incentives and dismissal, and at the same time pays attention to the people factor and is open to feedback. Hrebiniak (2013) adds that consequently, instead of trying to transform existing organizations, it is often quicker and easier to create a new one and gradually move people from the old one to the new one.

Nichols (2016) in his studies on culture, control legislative issues and change takes note of that when an association domain is changing quickly circumstances will emerge when its way of life is out of venture with the progressions occurring. Mwachiro (2013) shows that change procedures are just fruitful in the event that they fit an organization's present culture, conventions, and standards and shared qualities. At the Rwanda Revenue Authority, it is observed that managing strategic change must address the powerful influence of the paradigm and the cultural web on the strategy being followed by an organization. This strategy is based on the premise that individuals restrict misfortune

and interruption yet they adjust promptly to new conditions. Change depends on building another association and step by step exchanging individuals from the old one to the new one. This technique moves the weight of progress from administration and the association to the general population.

#### **2.4 Research and Knowledge Gaps**

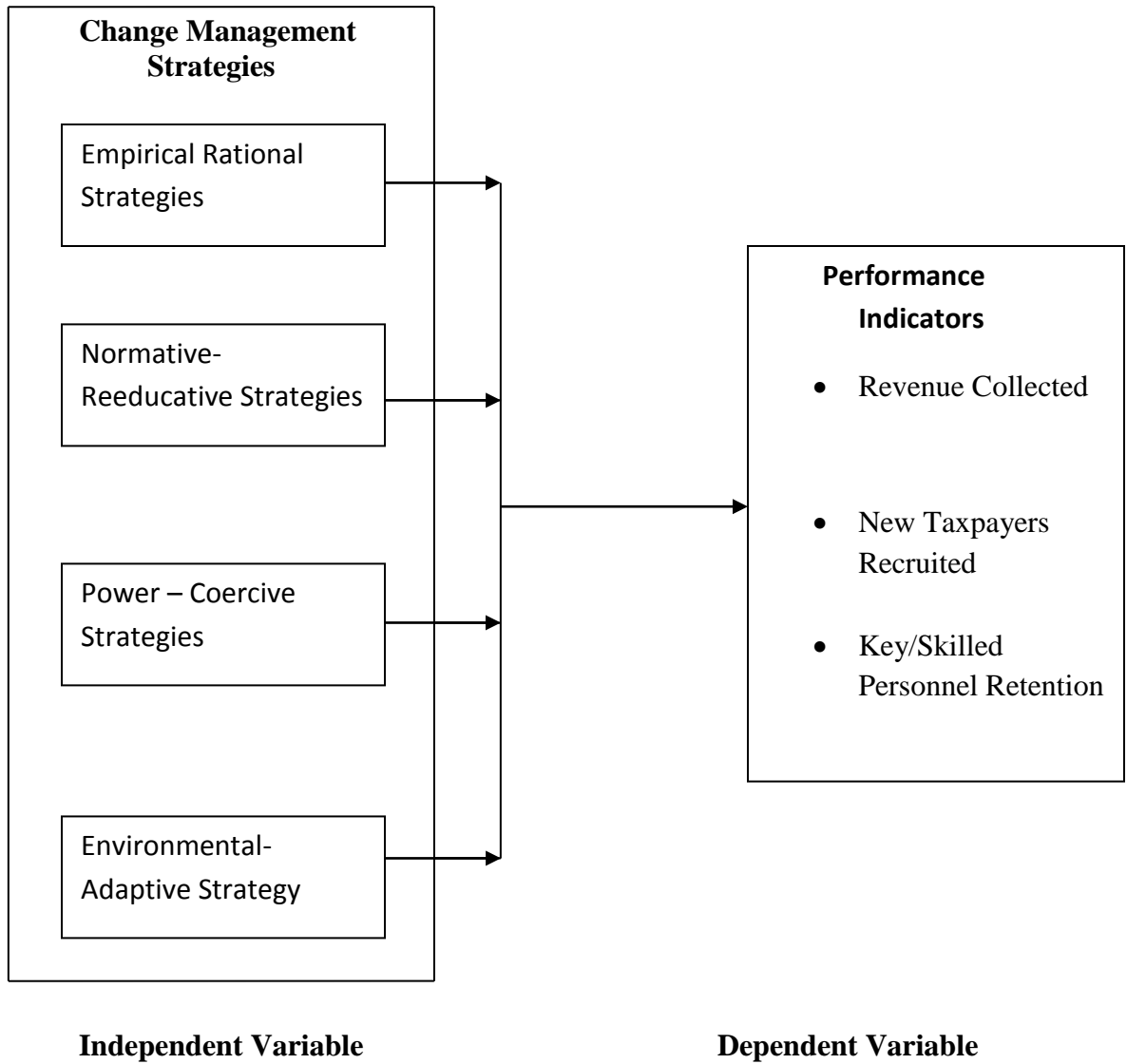
Nzebi (2015) analyzed the strategic responses and performance at KRA by measuring the organization's revenue collection capabilities as the indicator. The conclusion was that reassessment of the incumbent strategies, aligning them with prevalent change elements within and outside the organization, coincides with increased revenue remittance as per Lewis's 3stage change theory. Despite the intricate findings, the enhancement of the existing strategies as per the new corporate strategic plan is not covered in the research.

Kemboi (2013) examines the impact that corporate management policies have on revenue collection at KRA and concludes that strategies formulated and implemented did little to prioritize the change aspect within the organization. The study did not reflect the introduction of performance contracts and appraisal mechanisms that has been recently implemented by the authority. Mwachiro (2013) observes effects of the provision of reasonable assurance regarding the achievement of objective of revenue collection at KRA by its board of directors. Although the study highlights how the alternation of procedural protocols have been geared toward streamlining communication flow within the authority, it does not take into consideration the restructuring of KRA along functional lines e.g. Implementing Internal Audit function.

Muthama (2013) studied the change management procedures within the Rwanda Revenue Authority on the effectiveness of revenue collection. The main finding was that involvement of the staff in terms of seeking their input regarding internal and external reports enhanced compliance and transparency. The study underlined the organization's value cost-saving initiatives at the expense of value addition in output. The main gap in this study was the failure to address the effect of the changes in the East African Community taxation pact in 2014-2015.

## **2.5 Conceptual Framework**

This is a systematic apparatus with a few varieties and settings, used to make applied qualifications and compose rationale. In change management strategies there are both independent variables which include different strategies which lead to the dependent variable which is performance. Figure 2:1 illustrates the framework.



**Figure 2.1:** Conceptual Framework



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter entails the methodology that was used in the study. The chapter has been arranged to present the research design and data collection procedures. It also explains the data analysis techniques used.

#### **3.2 Research design**

Stephen (2013) depicts the extent of a design of research so as to guarantee that the confirmation acquired encourages the analyst to viably investigate the exploration issue sensibly and as unambiguously as ever. The study was completed as a contextual investigation whose intention was to gather top to bottom data on the impact of vital change administration procedures on the execution of the Kenya Revenue Authority. A case study provides a priceless and focused insight into phenomena that may be vaguely understood or comprehended. Yin (2013) defined a case study as a rotund study of a single unit with the intention to generalize across a larger set of units. He further clarified that the case study technique is rightly understood as a particular means of defining cases, but not a manner of analyzing cases or a way of modeling causal relations.

It is a very capable form of qualitative analysis that involves an insightful and comprehensive observation of a social unit, which could be a person, a family, an institution, a cultural group or even a community. It is a technique of study that drills down rather than casts wide and is used to determine the relationship amongst the

variables influencing the current behavior or status of the subject unit of study. It is a distributed report about a man, gathering, or circumstance that has been examined after some time. An assessment of how an individual, business or company works in connection to different gatherings in a similar field of operation.

### **3.3 Data collection**

The data acquired was qualitative in nature, in the form of ideas and themes that are relevant to know the effect of change. This provided for an in-depth view of effect of strategic change management strategies on the performance of the Kenya Revenue Authority. The research used both initial and secondary data. Primary data was collected through the interview guide, where the respondents were the Deputy Commissioners of the Domestic Taxes Department, ICT, Human Resource, Customs and Border Control Services sections. The guide served as the best tool for enhancing confidentiality and precision.

Secondary data was sourced from the company information such as annual departmental reports and strategic plans. Previous surveys and scholarly researches on the change management initiatives of the Kenya Revenue Authority also provided a reliable source of data that enhanced the stature and credibility of the study. Benchmark strategic responses reports from audit firms in the industry gave a clear insight on how the state agency manages change within its confines to enhance performance.

### **3.4 Data analysis**

The case study used content analysis. It is portrayed as any procedure for making derivations deliberately equitably recognizing particular qualities of messages. It is a deliberate subjective portrayal of the arrangement of the question or material of the study. All three techniques of content analysis: conventional, directive and summative were considered to derive the meaning from the content of text data and hence maintain adherence to the natural paradigm of the research. Content analysis aided in the case study inquiry as it copes with the technically distinctive situation in which there were many more variables of interest than data points.

Haefele (2012) states that content examination measures the word substance or the "what" part of the message. Its broadness makes it an adaptable and boundless device that might be utilized as a procedure or issue particular strategy. It makes preparations for particular view of the substance, accommodates the thorough use of unwavering quality and legitimacy criteria. The analysis was based on understandings and implications which emanated from the respondents information and documented data on effect of strategic change management policies on the performance of the Kenya Revenue Authority. Dissecting subjective information ordinarily includes submerging oneself in the information to get comfortable with it, then searching for examples and topics, looking for different connections between information that will help the analyst to comprehend what they have, then outwardly showing what they have and composing it up.

Techniques that were used at the different stages of the analysis include identity of data patterns, organizing data in different ways, breaking down text transcripts into theme and subthemes, shifting focus from individual cases to groups, making conceptual and theoretical coherence and evaluation against a standard or participant interpretation.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSIONS**

#### **4.1 Introduction**

This chapter presents the research findings and discussions on the effect of change management strategies on the performance of Kenya Revenue Authority, respondent's profile, causes of poor performance and the role of the top management in the change implementation process.

#### **4.2 Respondents profile**

Change administration strategies are corporate level strategies. The respondents were chosen from the top level management and comprised the Deputy Commissioners of the Domestic Taxes Department, ICT, Human Resource, Strategy and Innovation and Customs and Border Control Services sections. The guide served as the best tool for ensuring confidentiality and accuracy. They are all based at the head office in Nairobi and have over five years of experience at the authority.

#### **4.3 Performance at the Kenya Revenue Authority**

Performance at the Kenya Revenue Authority can be linked to both internal and external factors. The absence of clear cut change implementation procedures within the authority was a major contributor to decline in the quality of output. Stress was a contributing factor in that the modern workplace environment consists of lustful of demands. There are employees who are adept at performing when subjected to pressure while on the

contrast there exists employees who easily give in. In this manner, a forceful domain where the push levels are abnormally high will demonstrate negative to representative execution. Tangible increment in workload resulted in employees growing disgruntled, eventually reflecting in the quality of work produced as an end product. Notably, it also affects their health and demoralizes them.

Deficient assets in the domain of time and material assets is vital for workers to play out their errands effortlessly. This encourages their execution to the best of their capacity and be pleased with their accomplishments. Nonappearance of this brought about needing execution. Absence of part clarity as an outcome of two differing specialists being concurred contrary parts at a similar traverse of time brought about duplication. Also, the nonattendance of clarity in specialists' destinations and desires offered ascend to strain between the workers and brought about clashes. Absence of clarity concerning responsibility came to fruition because of non-presence of clarity among the workers applying their parts, obligations and association with colleagues. This brought about a circumstance wherein in the occasion something goes right, everybody might want to claim credit however when things turned out badly, no individual ventured forward to acknowledge duty.

Absence of straightforwardness coming about when representatives were not educated about key choices, henceforth they made their own suppositions, giving a rearing ground to gossipy tidbits. Over the long haul, it polluted the picture of the association furthermore wrecked trust in the administration. The power includes representatives from

different strolls of life. They bear on board their own particular arrangement of qualities, thoughts, and rule that may not be obliged by everybody in the association. It brought about ill will and forcefulness between individual staff individuals. Poor choice or matching of colleagues demonstrates impeding to the general strength of the organization. A huge amount of time was expended settling burdens to the detriment of change in their general execution. Obsolete innovation rendered workers ineffective and wasteful. Numbness to the potential event of innovation up degree in the power lessened the profitability and execution of staff.

#### **4.4 Change Strategies at Kenya Revenue Authority**

Every one of the respondents insinuated that the powers of progress in the association were both outside and inside. The outside strengths of progress singled out were changes in innovation, changing demographics and extent of assessment base. Interior strengths of progress tended to involved modifications in worker requests, changes in the data innovation frameworks and change of the remuneration bundle. Eminently, it was cleared up that change is actualized by top and center level administration staff, extend groups and an outer change administration group coming in as experts.

The respondents added that there occurred situations where change engineered great resistance by staff hence making it difficult to implement organizational improvements. All the four respondents noted that such instances occurred when change was imposed on the staff, when change was not communicated well and when change amounted to very significant impact to the organization. The performance at the Kenya Revenue Authority

became a necessity as a result of increased demands for revenue and need for modernization of the professionalism in the agency. As a result, the authority adopted varying sets of change strategies to midwife the change element within its confines and improve performance. The research findings indicate that the authority embarked on sensitization initiatives measures to make staff more welcoming to the new eventualities.

The respondents contributed that realignment with the developments in the authority became common place as far as adapting to change and maintaining productivity was a core priority. Relationship with the change champions within the agency was incorporated into the operations of the organization while alignment with the existent structures was enhanced through training of staff. The authority also amended its approach to revenue collection in a bid to boost revenue streams. The top management also resolved to expand its outreach in the country and cover as much areas as possible and in the process keep up with growth in the economy mainly comprising of arrival of foreign subsidiaries of multinationals.

#### **4.5 Change Management Practices**

Seventy percent of the respondents met inferred that change was settled in on reclassifying and reinterpreting the extent of existing standards and qualities. They also noted that Kenya Revenue Authority took a long period to convey to their employees the importance of change and its impact on their day to day roles in the organization. It was contributed that Kenya Revenue Authority spent a lot of resources in reference to time and money to develop the human will needed to implement the changes. It was also noted that before any change, Kenya Revenue Authority undertook training to all the staff.



**Table 4.1: Change Management Practices rating at KRA**

<b>Description</b>	<b>Frequency</b>	<b>Percentage</b>
Very Effective	2	40
Effective	2	40
Not Effective	1	20
<b>Total</b>	<b>5</b>	<b>100</b>

Table 4.1 depicts how the respondents rated change management practices at Kenya Revenue Authority. The study findings indicate that 40% of the respondents rated it as very effective while 40% also rated it as effective. One respondent representing 20% of the respondents indicated it as not effective. This indicates that the majority of the respondents rated change management as very effective.

According to 4 out of the 5 deputy commissioners interviewed, change was sequential and a team effort within the organization. Reference is made in the instance of the new ICT system that was denoted by lots of sensitizations and dramatizing all aimed at relevant members of staff to adopt the change processes. Trainings were rolled out for those who would use the system to ensure that they comprehended it well in the build up to the implementation. A second instance was the change in the compensation package of the permanent and pensionable staff to ensure that both the authority and the staff benefited as well as rewarding contributions by the staff.

In some cases, individuals were encouraged to adopt change either by reward or by punishment. Firstly, this was by attaching an individual's performance on their participation and interest exhibited in the change process. Secondly, the compensation package was portrayed as a reward that relied on bringing alteration to the revenue collection people based on the amounts they collected. Thirdly, the appraisal system was designed in a manner that the outstanding performers were rewarded through bonus. The underachieving performers were not rewarded instead they were put on performance improvement plans. Amongst them, those who did not improve risked termination of their employment terms or demotion. Fourth, were the new ICT systems whereby staff in the Domestic Taxes Department and Customs and Border Control Services Departments were forced to learn how the new systems functioned or risk attaining poor marks during the end of year performance reviews.

The respondents noted several techniques that the authority deployed in ensuring that change was successful in the agency. Firstly, the top management undertakes vigorous training and do dummy tests to ensure that the intended alteration is tested before the actual roll out. Secondly, incentives are awarded to outstanding achievers. Thirdly, competent groups to implement change are put in place to ensure that the need for alteration is totally comprehended. Fourth is proper communication to employees on the change and commissioning of dry runs of new systems put in place.

The respondents gave their own opinion on the effect of change management strategies on performance Kenya Revenue Authority. Four of the five respondents indicated that change management practices had mobility and open communication, it was involving and effective. Three out of the five respondents alluded that, sometimes, change was not well forethought and there were misunderstandings between the change champions. They therefore rated the effect of change management strategies on performance at Kenya Revenue Authority to be fair. All the respondents also noted that sometimes change involved the restructuring. An example was when the RTD was leaving to join the NTSA; the revenue collection aspect of the section was retained and merged into DTD.

#### **4.6 Performance of Kenya Revenue Authority**

According to KRA's 5<sup>th</sup> Corporate Plan of 2015/2016-2017/2018, the main objective of the agency was to achieve service levels similar to benchmark middle income nations as it focused on achieving Vision 2030 revenue administration objectives. To be able to achieve this, eighteen Key Performance Indicators (KPI's) were identified. In line with the KRA approach of using the Balanced Score Card (BSC) approach, targets were set within with 4 BSC perspectives (people, internal processes, customer and revenue).

The target set by the national treasury for the 2015/2016 FY was Ksh 1.2174 trillion. It is important to note that on the onset of the 2014/2015 FY, the authority changed its approach to revenue administration from the enforcement approach to trust and facilitation. The main frontier to the attainment of this initiative was the deployment of the iTax system. The change in the authority is administered through the Treasure Hunt program, where change team and champions oversee a series of workshops meant to

midwife the process to staff in various phases. For the 2015/2016 FY, the authority was able to collect Ksh Sh810.2 billion worth of domestic taxes against the targeted Ksh834.3 billion while Ksh386 billion were collected by the customs and border control services department. Compared to the 2014/2015 FY where Ksh1.08 trillion was gathered, there was a marked improvement of Ksh 140 billion.

**Table 4.2: Performance of KRA in the last 3 financial years**

Financial Year (FY)	Set Target (Ksh)	Revenue Collected (Ksh)	Margin (Ksh)
2013/2014	973.5 Billion	963.8 Billion	500 million
2014/2015	963.7 Billion	980.8 Billion	100 million
2015/2016	1.2174 Trillion	1.210 Trillion	-74 billion

#### **4.7 Discussions on the findings**

The study uncovered that the adoption of change management at KRA was hampered by the dread that it would add up to shifting projections. The respondents acknowledged that the empirical rationale strategy was deployed to streamline the change initiative at KRA. Hence, the downward flow of information to the employees enabled them to better understand the intended changes and develop varying mindsets concerning the repercussions of the change management initiatives. Lewin's change hypothesis contemplates that the greater parts of people have a tendency to incline toward and work inside particular zones of wellbeing. According to the respondents, employees who had grown into comfort zones were skeptical on the probable changes as they could not comprehend the impact on their careers in the authority. Loss of employment stability was referred to by three out of the five administration staff met as one of the components influencing change administration that employees would approve of. This

was so particularly with the new managing an account framework which would render a few occupations immaterial particularly the back office group. There were a few representatives who were beforehand given early retirement and had since been rehired on legally binding terms. Cases of these were the drivers and some consistence organizers. Such representatives worked in uneasiness towards the end of their agreements as they were not certain whether their agreements would be recharged.

**Table 4.3: Loss of Job Security as a factor affecting Change Management**

<b>Loss of security</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	3	60
No	2	40
<b>Total</b>	<b>5</b>	<b>100</b>

Table 4.2 shows the effect of loss of job security on Change Management at Kenya Revenue Authority. Based on the analysis, 60% of the respondents indicated that loss of job security had an effect on change management at Kenya Revenue Authority while 40% of the total respondents stated that loss of job security did not affect employee performance. From the study, it can be concluded that loss of job security has an effect on change management.

There were some factors which the deputy commissioners cited as important in managing change. Firstly, change should be introduced systematically and well spread over time to allow the employees to be ready for the change. Secondly, change should conform to the laws of the land to avoid conflict with the authorities. Third, effect of change on the staff, customers and competition needs to be considered. Fourth, is creating awareness on the need for change. Fifth is training people where applicable on the changes, such as change in technology.

There was a test where representatives now and then felt focused on due to the progressions that happened in the organization. A few techniques were utilized by the administration to address this test. Firstly, data on the best way to oversee push was shared and guides were accessible to handle the stretch that went with the change. Besides, group building exercises were sorted out to permit individuals to interface with each other. Third, representatives were set up ahead of time to handle the change and in addition sharing data on the normal difficulties of the change. Fourth, is through legitimate correspondence of the advantages that the change would bring.

Other difficulties experienced as explained by the respondents were firstly, resistance to change where some employees did not approve of the change. Secondly, ICT software changes had issues as users required time to get accustomed to the new procedures. Notwithstanding, 90% of the administrators met saw change as positive. They remarked that change empowered ceaseless change in administration conveyance. Change was likewise positive in enhancing profitability and proficiency. They additionally saw change as vital with a specific end goal to stay aggressive in the market and address clients' issues keeping in mind the end goal to expand gainfulness of the organization.

80% of the respondents referred to conditions in which representatives needed confidence on the administration and this affected change administration. Firstly, time was squandered as the administration attempted to constrain change to the representatives. Also, change was in some cases actualized on the premise of dangers rather than trust, accordingly straining the relationship amongst administration and representatives. Third,

workers' assurance was brought due down to trouble amongst representatives and administration. Fourth, it happened when administration had not already stayed faithful to its obligation on past change duties. It in this manner got to be troublesome for the lesser staff to have confidence in the change.

There were different strategies referred to by the administrators as routes in which the association had endeavored to guarantee that change was fruitful. Firstly, the overseeing chief utilized phone message converse with each of the workers and in addition customized singular letters to the representatives, when another keeping money framework was presented. This supported every one of the workers as they felt critical. Besides, administration had given extra assets, for example, additional time for change ventures. Third, administration had utilized open gatherings to talk about the progressions to be attempted and earlier testing of the change before execution. Fourth, by close checking some time recently, amid and after the change, setting targets and turning points, preparing and following up on criticism.

As per all the five respondents, resistance to change, culture, teamwork and leadership have influenced the authority's change management practices. Firstly, a great deal of time and assets were squandered because of imperviousness to change. Imperviousness to change has in this way empowered administration to consider the need of workers to take an interest in the change procedure. Also, the way of life at Kenya Revenue Authority has encouraged the progressions that have occurred. The improvement of the performance of the authority went up by 22.3 % by an increase of an average of Ksh 100 billion, noted in

the incremental sequence of Ksh 963.8 billion, Ksh 980.8 billion and Ksh 1.210 billion over the past three financial years. Empirical rational strategies demand that institutional or societal change can only be accorded if the staff are passed on enough information. The KRA staff were furnished with enough information regarding the proposed changes hence it was easier to convince them on the same as they were knowledgeable. This is attributed to the uptake of the trust and facilitate approach and the abandonment of the enforcement approach. The change at the authority is therefore having a positive impact on the performance. In addition, iTax system has also been adopted by over 2 million taxpayers.

For example, amid the presentation of the new data innovation framework, every office had a section to play consequently facilitating the work done by every individual from the association. Fourth, the initiative at Kenya Revenue Authority is visionary and accordingly it has prompted to high inspiration of the workers coming about to more representative



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents the summary, conclusions and recommendations of the study.

#### **5.1 Summary**

There was one objective of this study. So as to attain the results, the researcher conducted conclusive interviews with the five respondents. It was evidenced from the study findings that changes took place in the human resource policies that were tailored towards creating, retaining and delivering people wellness. All the respondents also added that Kenya Revenue Authority took time to explain to their employees the necessity of change and its impact. It was also deduced that before any change occurred, Kenya Revenue Authority conducted training to all the staff affected by the change. One of the key factors affecting change management noted was uncertainty of job security.

The study objective was to establish the effect of change management strategies on the performance at the Kenya Revenue Authority. Majority of the respondents indicated that there has been change which was based on reconfiguring the existing values and norms. All the respondents confirmed that prior to any change, Kenya Revenue Authority conducts training to all the employees affected by the change. Change management at Kenya Revenue Authority was found to be sequential and organized. There existed occasions where individuals were coerced to change, either by reward or by punishment.

The appraisal system is structured in such a manner that outstanding performers are rewarded through bonus after appraisals. The authority had rolled out a new compensation plan which was fronted as a reward and focused on bringing change to the revenue department staff such that each person would be rewarded according to the revenue they collected.

There were several techniques that were noted as useful in ensuring that change was successful. Rewarding outstanding performers by according them incentives was a way of encouraging and motivating every staff in the organization to adopt change. There were qualified groups installed in order to train every employee on the change and see to it that the necessity for change is fully understood. The change management practices were depicted to be mobile, involving, participative and effective. Open communication on change was the main factor that made change successful at the Kenya Revenue Authority.

## **5.2 Conclusions**

Many notable observations can be derived from the above summary regarding the effect of change management strategies on the performance of Kenya Revenue Authority. First, involvement of the top management was essential in change management. This was made possible by availing resources at the disposal of the authority such as time and funds which were required for implementation of various changes. Intensive training was also conducted to all the staff on the change that would affect them.

Secondly, individuals were encouraged to adapt to the new changes in the organization. This for instance was the case when the new information technology system was being launched. Every individual was forced to learn how the new system functioned or risk performing poorly during the end of year performance reviews. The good performers were rewarded through salary increment and bonus. Those employees who did not perform well were not ignored but were put on a performance improvement plan.

Third, the management realized that in order to successfully implement change, it was necessary to avoid situations in which employees lacked trust in the management. Firstly, there were periods when change was implemented backed by threats from management. The authority should have strived to avoid threats so as to encourage trust from employees. The management is obligated to cultivate cooperation between them and junior employees. Through cooperation, synergy will be realized hence ensuring that change is successfully implemented. Management should consider leading the implementation of change to the conclusive end. This would show their commitment to the change hence the employees would believe in the change.

Some of the difficulties encountered in the course of the change management at Kenya Revenue Authority were reluctance to adapt to the change. This was prevalent in the long serving employees. Misinterpretation by some employees on the intention of the change due to lack of proper communication was witnessed. Lack of coordination between management and subordinates was also a challenge which corroded the trust of the employees inclining to the effectiveness of the change. This also affected employees' commitment to implementing change.

This was a case study and hence it may not be used for generalization purposes. The corporate culture of Kenya Revenue Authority may not be the same with other entities. This is because other organizations may have different cultures, competencies, resource capabilities and structures thereby displaying different change management practices. The study may also exhibit some weaknesses prevalent in using interview guides for data collection purposes. Firstly, the likelihood of misinterpretation of words by respondents is magnified. The results are some feedback which fails to reflect an ideal situation rather than the intended actuality. The tendency of some respondents to withhold information is also increased.

There was also bias as some respondents were reluctant to give feedback which might give negative publicity of the organization to the public. Time constraint was also another limitation saw some respondents call in very busy and not willing to give the researcher ample time to probe further for more information. Most of the respondents postponed the researcher till when they were available for the interview to be carried out. The researcher was also limited to the time allocated to complete the study.

The respondents were from a financial institution and it was difficult to obtain some crucial information which they termed as confidential. It was thus difficult to get some respondents respond to such questions. The researcher had to be cautious not to appear to be getting classified information to give to a competitor firm by making the respondents understand that it was an academic research project.

### **5.3 Recommendations**

It is clear from the study that change management need to be comprehended by managers in order to figure out the change management practices and also determine the factors affecting change management. It is also important for management to ensure that change is introduced systematically and well spread over time to allow the employees to be ready for the change. Further research could be conducted in different organizations since they have different cultures, management styles and resource capabilities. The study was conducted on a semi-autonomous government agency and it would be necessary to study change management practices in a non-autonomous government agency to find out if there are any differences. Traditionally, change has been viewed in a negative context and it is recommended that further research be done to find out how organizations can positively leverage on this phenomenon to create competitive advantage.

It is important for organizations going through change to consider the following three recommendations. First, management needs to be trained in order to acquire skills in change management. Outsourcing could also be done when certain skills are not available within the organization. There is need for trained counselors to handle stress of employees as a result of a change. This is because people prefer their status quo and are not willing to welcome change.

Secondly, employee participation in the change process is also important. This is effectively addressing peoples' concerns during the change process. This prevents an organization from losing experienced, hardworking and knowledgeable employees who

would have otherwise been costly to replace in the long run. When employees participate in the change, they have faith and confidence in the management that the change will have benefits for the organization. Thirdly, it is essential that managers clearly identify factors affecting change management practices. According to management of Kenya Revenue Authority, loss of job security was one of the factors that negatively affected change management. The management should practice job rotation to ensure that employees have multiple skills such that an employee can perform more than one task. This would be the solution to some of the workers whose jobs would be rendered irrelevant with the introduction of the new information technology system.

#### **5.4 Limitations of the study**

Although there is much remains to be done, this study generates important findings in the field of effect of change management strategies on the performance of government agencies. In other words, having acknowledged the limitations of data processing, nevertheless it is important to confirm that there are some limitations of this study. Although the present study has yielded some preliminary findings, its design is not without flaws. A number of caveats need to be noted regarding the present study.

The main limitations are expressed as follows: the first limitation concerns the factors of availability on the performance indices of government agencies. To put it in another way, there might be some relevant factors, which significantly influence on the performance and viability of change management strategies on KRA. However, the discussion of other relevant factors touching on the effects of change management strategies on the performance of KRA is beyond the scope of this study. It is not within the scope of this

study to provide an extended discussion of the ongoing debates. Effects of change management strategies on the performance of not only KRA but other autonomous and semi-autonomous government agencies are still tentative, subject to confirmation and modification through further investigation and examination. Future research would have been more convincing if the researchers have related more factors to effects of change management strategies on the performance of KRA. The question is one that deserves empirical scrutiny.

### **5.5 Suggestions for further research**

The research that has been undertaken for this thesis has highlighted a number of topics on which further research would be beneficial. Several areas where information is lacking were highlighted in the literature review. Whilst some of these were addressed by the research in this thesis, others remain. In particular, there is a lack of observational studies of any changes in the effects of change strategies at the individual level in state agencies.

Future studies might, for example, look for trends in the change management strategies adopted in the public sector over the years. There are a number of additional areas for further research that have been highlighted by the studies undertaken for this thesis. These include the further investigation of the input of junior staff on the manner in which change can be administered. How realistic are those suggestions, and what is the willingness to incorporate them with regard to empirical theory? The degree to which the change management strategies determines the adoption of flexible incorporations in the process might also be investigated, and might give an indication of how realistic the suggestions by subordinate staff on matters change may be.

There are also several areas for further development, and applications for, the work undertaken in this study. The mechanisms developed for fostering acceptance and appreciation of the importance of change at KRA have been applied to model evaluation for only one other government agency in this study, but could be usefully applied in many other autonomous and semi autonomous agencies.



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**Appendix I: Introduction letter**



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Nairobi, Kenya

DATE: 02/11/2016

**TO WHOM IT MAY CONCERN**

The bearer of this letter ... WIRBA ANILWA CYBER .....

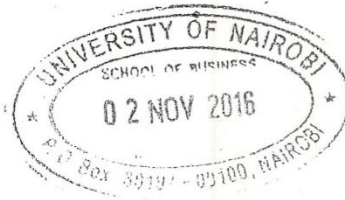
Registration No. DC/10110/2013 .....

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



PATRICK NYABUTO  
SENIOR ADMINISTRATIVE ASSISTANT  
SCHOOL OF BUSINESS

## **Appendix II: Interview Guide**

### **Section A**

Position held in the authority.....

Department .....

No. of years of experience at the authority.....

### **Section B**

1. What was the perception of change within the authority prior to 2015?
2. What has been your role in change strategy formulation and implementation within the authority?
3. What were the strategies put in place to enable KRA to attain desired results from change initiatives?
4. What was the impact of the change initiatives on the performance of the authority?
5. What factors influenced the choice of strategic responses mentioned above?
6. What challenges were faced in the adoption of the change management strategies in KRA?
7. Was the communication of the new strategies to the employees effective?  
If yes, please explain how
8. How were other employees in the organization involved in the change management strategic responses adoption process?
9. How have the new strategies improved revenue collection of KRA?

10. What conditions, if any, facilitates strategy formulation and implementation within the authority?

11. How do the new strategies enable you to complete tasks more efficiently?

12. In your view were the strategies employed to enhance tax collection effective?

13. Comment on the Kenya Revenue Authority then and now

14. Where do you see the Kenya Revenue Authority in the next 5 years?

Thank You.